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Message Text

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ACTION EB-08

INFO OCT-02 AF-10 ISO-00 OES-07 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 DOE-11 H-01 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 SP-02
SS-15 STR-06 TRSE-00 ACDA-12 /113 W
----------000008 251440Z /47
R 250815Z JAN 78
FM AMEMBASSY PRETORIA
TO SECSTATE WASHDC 0283
INFO AMCONSUL CAPE TOWN
AMCONSUL JOHANNESBURG

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CAPE TOWN FOR EMBASSY

E.O. 11652: N/A
TAGS: ENRG, SF
SUBJECT: WORLD NATURAL URANIUM MARKET

REF: STATE 7629

MARKET INFORMATION DESIRED APPEARS ORIENTED TOWARD NET IMPORTER OF URANIUM WHEREAS SOUTH AFRICA IS NOT AN IMPORTANT CONSUMER OF URANIUM AT PRESENT. DOMESTIC USE IS EXPECTED TO RISE WHEN KOEBERG POWER REACTORS GO INTO OPERATION IN 1982&83. IF SA ENRICHMENT PROGRAM PROCEEDS ON SCHEDULE, IT SHOULD BEGIN TO MEET OWN NEEDS ABOUT 1985, ALTHOUGH FUEL ELEMENTS WILL STILL BE IMPORTED.
INSOFAR AS QUESTIONS IN REFTEL ARE APPLICABLE, REPLIES FOLLOW:

1. SOUTH AFRICAN ATOMIC ENERGY BOARD (AEB) IS ONLY ENTITY KNOWN TO HAVE PURCHASED U308. AEB CONTROLS ALL IMPORTS AND EXPORTS. SINCE 1967 IT HAS FUNCTIONED ONLY AS MONITOR OF
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GOVERNMENT'S INTERESTS. EXPORT CONTRACTS ARE NEGOTIATED BY INDEPENDENT COMPANY, NUCLEAR FUELS CORPORATION OF SOUTH AFRICA (NUFCOR), WHICH IS COMPRISED OF FOUR SA MINING HOUSES BUT MANAGED BY CHAMBER OF MINES OF SA. WHETHER SA GOVERNMENT DIRECTLY OR THROUGH AEB INFLUENCES SALES PRICE IS NOT KNOWN BUT WE ASSUME MARKET SITUATION AND VIEWS OF

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MINING COMPANIES ARE PREVAILING FACTORS.

2. ONLY SA IMPORTS SINCE 1970 ARE BELIEVED TO BE US-ORIGIN FUEL FOR SAFARI I RESEARCH REACTOR.

3. SOUTH AFRICA IS NOT A PURCHASER OF U308 OR UF6 OR ENRICHED URANIUM EXCEPT AS MENTIONED ABOVE. UNDEFINED QUANTITIES OF UF6 FROM NUFCOR'S RESEARCH CONVERTER ARE EXPORTED. SAG OFFICIALS CLAIM THAT NO EXPORTS HAVE OCCURRED FROM PRE-PILOT ENRICHMENT PLANT.

4. QUESTION RE BALANCE BETWEEN LONG-TERM CONTRACT AND SPOT MARKET TRANSACTIONS IS NOT APPLICABLE. ONLY KNOWN PURCHASES, EXCEPTING SAFARI I FUEL, ARE CONTRACTS BY SA ELECTRICITY SUPPLY COMMISSION WITH ERDA FOR FUTURE SUPPLY OF FUEL FOR KOEBERG POWER STATION.

5. NO INFORMATION AVAILABLE ON FUEL STOCKPILES.

6. ALTHOUGH REFTEL DID NOT ASK FOR DATA ON SA URANIUM OUTPUT, MINERALS OFFICER JOHANNESBURG ADVISES THAT DURING 1977 URANIUM WAS PRODUCED AT EIGHT GOLD/URANIUM MINES AND ONE COPPER/URANIUM OPERATION. PRELIMINARY DATA INDICATES INCREASE IN U308 PRODUCTION OF TWELVE PERCENT OVER 1976 TO 3,630 METRIC TONS. RESERVES ARE ESTIMATED AT 260,000-
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312,000 METRIC TONS OF U308 REPRESENTING 21-26 PERCENT OF WORLD'S KNOWN RECOVERABLE RESERVES.

7. ADDITIONAL DATA IS CONTAINED IN OUTLOOK REPORT ON MINERALS SOUTH AFRICA-1977 (PART I) SHORTLY TO BE TRANSMITTED AS JOHANNESBURG'S A-5.
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